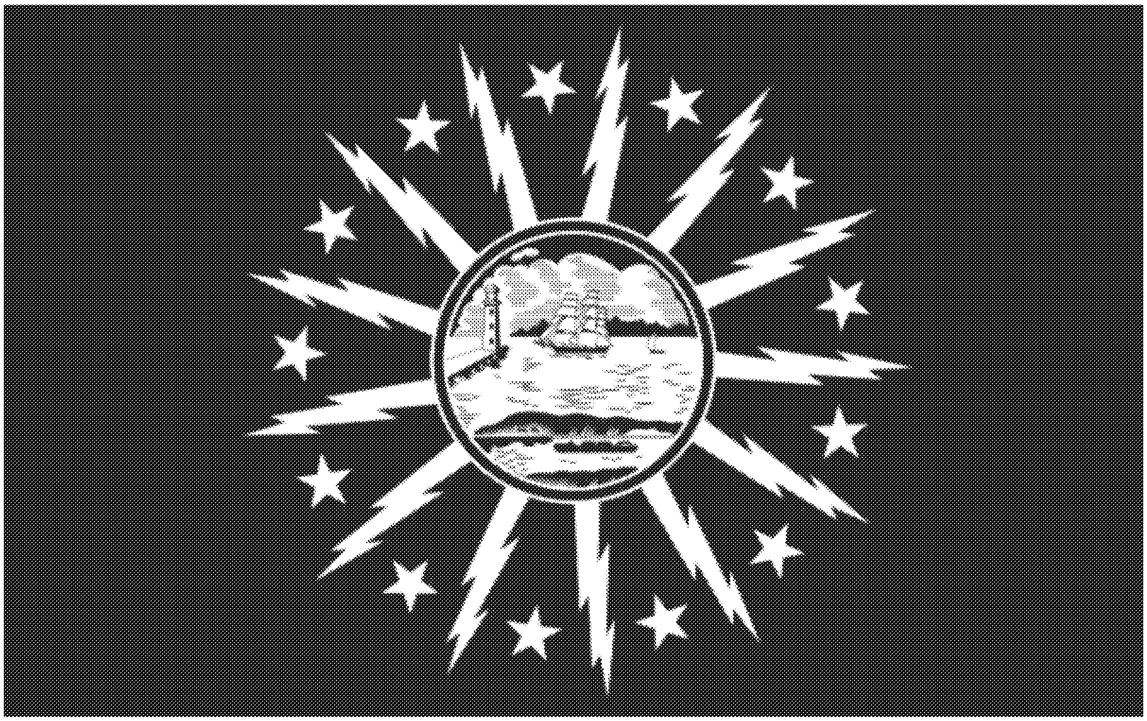
Exhibit 105

CITY OF BUFFALO

DEPARTMENT OF AUDIT & CONTROL



BUDGET RESPONSE

2017-2018 FISCAL YEAR
&
2018-2021 FOUR YEAR FINANCIAL PLAN

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FIRST DEPUTY COMPTROLLER

MAY 10, 2017

Charter of the City of Buffalo

§ 20-7 Comptroller's Assessment of Accuracy of Revenue and Expenditure Assessments.
[Amended 10-2-2012 by L.L. No. 1-2012, effective 10-2-2012]

"On or before the tenth day of May, the Comptroller shall submit to the council an assessment of the accuracy of the revenue and expenditure estimates of the budget and the four-year financial plan the mayor submits to the council. The comptroller shall opine on the sufficiency of the financial plan and whether it contains sufficient data to support the outcomes projected."

Introduction

Pursuant to the City Charter, and the Comptroller's role as the City's chief fiscal officer, I hereby submit this assessment of the Mayor's recommended budget for the fiscal year 2017-2018, as well as the four-year financial plan for fiscal years ending 2018-2021.

For the eighth consecutive year, the Mayor's recommended budget includes the use of reserves to balance operations. While fund balance can be useful in closing the occasional budget gap, it should not be relied upon as a long-term solution to balancing the city's budget, year in and year out.

Based on current projections, we are expecting that approximately $28 million will be needed to fill the budget deficit in the current fiscal year. This includes $10.7 million budgeted to balance operations, $4.1 million in legal settlements, an increased appropriation of $2.9 million for the Dillon Courthouse, and nearly $10 million in prior year encumbrances. With a $12 million fund balance draw budgeted for 2017-2018, the total amount of reserves used to balance the budget will be $90 million over an 8-year span.

With no end in sight to using savings to balance the budget, the inevitable result is the total depletion of the City's reserves. The ramifications of such a depletion includes credit rating downgrades, higher interest rates for borrowing, cash flow shortages, insolvency, and the return of the "hard" control board.

Once again, the four-year financial plan does not contain sufficient data to support the outcomes projected. The account level detail that is provided for the upcoming fiscal year should be replicated for the remainder of the four-year plan.

Revenues

As in past years, the budget includes overly optimistic revenues across the board. For instance, more than $5 million in revenue is budgeted from sales of City-owned property. Over the past four years, the City budgeted revenue of $24 million from selling property, while only receiving

$4 million during that span. In addition to the aforementioned $5 million from land sales, there is also $2 million budgeted from the sale of City property acquired through the In-Rem process. The City's ability to realize this $7 million in revenue is hindered by the fact that the list of 6,000 residential properties for sale is not available to the public on the City's website.

Budgeted revenue from traffic violations has increased 48 percent, from $4.2 million to $6.2 million. While additional traffic law enforcement could increase revenue for this budget line, such a significant increase appears questionable at best.

Major uncertainty surrounds a significant source of revenue, the $7 million the City receives from the Seneca Nation (via New York State) as the host community for the Buffalo Creek Casino. Recently the Seneca Nation has informed New York State that it does not intend to make any further revenue sharing payments. While the Seneca Nation has said it may provide revenue directly to host communities like Buffalo, and the possibility of an agreement between the Seneca Nation and New York State still exists, there is no concrete indication that either of these scenarios will take place, or that the amount of revenue the City receives will remain the same.

The recommended budget also relies on a $9 million transfer from the parking enterprise fund, which includes $3.2 million in one-time revenue resulting from the sale of a City parking ramp. These funds are intended to be used for investment in the City's parking ramps – instead, the City has borrowed $7 million over the past two years for capital improvements to ramps, incurring unnecessary interest costs.

Overall, using past performance as a guide, we estimate that revenues could fall short as much as $11 million, or $18 million if casino revenue isn't received. That could lead to a fund balance draw of more than $30 million in order to close the 2017-2018 budget deficit, even more than the $28 million expected for the current fiscal year.

Expenses

Budgeted expenses have remained flat, with the administration relying on attrition and vacant positions to mitigate 2 percent raises for the vast majority of City employees. The budgeted savings from attrition has increased to more than $11 million for 2017-2018, $5 million more than the current year budget. Such a heavy reliance on attrition will lead to staffing levels being determined on the basis of which employees retire first, rather than a strategic approach to managing the size of the City's workforce.

Furthermore, any savings from vacancies and attrition could be eliminated by additional overtime expenses, which have been tracking significantly over budget in recent years.

Because of these factors, it is doubtful that the City will spend less than is budgeted in 2017-2018. In prior years, overstated revenues have been somewhat offset by reduced spending, but we do not expect the City to have that flexibility next year.

The City's General Fund will once again subsidize the Solid Waste Enterprise Fund in the amount of $3.2 million in 2017-2018. Since 2008-2009, the City has transferred $27 million to the Solid Waste Fund, yet even with those transfers, the fund has still accumulated a $35 million deficit. The City's independent external auditors, Drescher & Malecki, have identified the yearly deficit in the Solid Waste Enterprise Fund as a "significant deficiency."

Enterprise funds are intended to be self-sufficient – if the revenue generated never covers the expenses of this fund, the enterprise fund should be eliminated and solid waste expenses should be paid for by the General Fund. This, however, would further increase the burden on property taxpayers, who are already subsidizing the solid waste expenses of tax-exempt organizations including hospitals, churches, schools, and other non-profits.

Conclusion

A truly fiscally responsible and structurally balanced budget has revenues that equal expenses, without relying on savings, transfers from enterprise funds, or uncertain revenues. Not only has this not been achieved, there has been little to no progress in even attempting to achieve this goal in the future. Also, in order to give a clearer picture of the City's financial future, a far more detailed and realistic four-year plan is essential.